

To the Members of the California State Senate:

I am returning Senate Bill 1754 without my signature.

I issued Executive Order S-10-04 to begin the comprehensive process of reforming the state's asset management program. Senators Battin and Denham have been instrumental in moving these ideas forward in the Legislature. Unfortunately, this bill inadvertently creates another layer of bureaucracy by requiring an additional review of leases that are less than \$25,000. I believe that this will only delay the execution of state leases.

I look forward to working with the Legislature next year as we continue this important reform effort.

Sincerely,

Arnold Schwarzenegger